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# Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

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) CCB/CPD 97-24 ) CC Docket 96-98 ) CC Docket 95-185

Requests for Clarification of the Commission's Rules Regarding Interconnection Between LECs and Paging Carriers

#### REPLY COMMENTS OF AIRTOUCH PAGING

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Requests for Clarification of	) CCB/CPD 97-24
the Commission's Rules Regarding	) CC Docket 96-98 <sup>1</sup> /
Interconnection Between LECs	) CC Docket 95-185
and Paging Carriers	)

To: The Chief, Common Carrier Bureau
The Chief, Competitive Policy Division

#### REPLY COMMENTS OF AIRTOUCH PAGING

AirTouch Paging ("AirTouch"), pursuant to the <u>Public Notice</u> released May 22, 1997,<sup>2/</sup> hereby replies to the comments filed in connection with the requests of AirTouch Communications, Inc., AirTouch Paging, AT&T Wireless Services, Inc. and Paging Network, Inc. (collectively, the "Paging Companies") and Southwestern Bell Telephone ("SWBT") relating to the interconnection arrangements between local exchange carriers ("LECs") and paging providers. The following is respectfully shown:

#### I. Overview and Summary

1. AirTouch is well situated to help the Commission resolve the SWBT request for clarification. AirTouch actively participated in the legislative efforts that resulted in the passage of the Telecommunications Act of 1996 (the "Act")<sup>3/2</sup> and in every phase of the Commission's proceedings regarding

Pursuant to the Commission's <u>Public Notice</u> requesting these reply comments, AirTouch understands that a copy of these reply comments will be filed in the record associated with CC Docket Nos. 96-98 and 95-185.

<sup>&</sup>lt;sup>2</sup>/ DA 97-1071.

Pub. L. No. 104-104, 110 Stat. 56, codified at, 47 U.S.C. Sections 151 et seq.

interconnection between local exchange carriers and commercial mobile radio service ("CMRS") providers.<sup>4/</sup> AirTouch also is one of the parties seeking the Commission's assistance in enforcing the Commission's interconnection rules promulgated in connection with the Act.<sup>5/</sup> Therefore, AirTouch has a substantial basis and experience for informed comment in this proceeding.

- the <u>Public Notice</u> from interested parties, and in particular the paging industry and local exchange carrier representatives. These comments provide very detailed analyses of the statutory scheme, the implementing regulations, the underlying agency orders, and related court litigation proceedings. These comments will be extremely helpful to the Commission in correctly interpreting the Act, the FCC's rules, and the <u>Interconnection Order</u> to confirm that paging companies are not required to pay for the LEC facilities used to send traffic to the paging network. AirTouch urges the Commission to take a more global view of this debate to assure that it maintains a proper perspective on the issue at hand.
- 3. As the Commission correctly observed in its landmark

  Interconnection Order, the core purpose of the Telecommunications Act of 1996 is to increase competition in the telecommunications marketplace and to eliminate the serious competitive advantages the incumbent local exchange companies ("ILECs") enjoy over other telecommunications carriers by virtue of their control over bottleneck

AirTouch participated in these proceedings through its parent firm, AirTouch Communications, Inc.

See 47 C.F.R. §§ 51.101, et seq.; Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, 11 FCC Rcd. 15499 (1996) (the "Interconnection Order").

facilities. Yet, the record in this proceeding shows clearly that some ILECS continue to use their control over bottleneck facilities as a weapon to extract concessions from other telecommunications carriers, such as paging carriers, seeking interconnection.

Inc. contain a detailed recitation of the tortuous discussions it has had with SWBT in which the LEC insists on continuing to charge for dedicated originating circuits that carry LEC-originated traffic to the paging switch, and threatens to refuse provisioning additional services, and rearranging existing services unless the paging company acquiesces. Paging carriers are not the only telecommunications carriers which are experiencing this problem. For example, SMR Systems, Inc., a CMRS provider in the Houston, Texas area, also is receiving termination notices threatening the discontinuation of services, and the imposition of termination charges and reconnection charges, over \$122.45 of disputed fees that have been contested in good faith. BellSouth goes so far as to admit that it will not recognize the right of paging carriers to cease paying for trunks used solely to carry LEC-originated traffic to the paging switch, in the hope of forcing paging companies to come to the bargaining table and enter into a comprehensive agreement that "may be reached"

Interconnection Order, paras. 1-5. Indeed, the Act goes a long way towards ensuring that ILECs will not be able to use their current dominant position in local exchange to disadvantage other telecommunications carriers. For example, the Act provides that ILECs must satisfy a competitive checklist prior to receiving authority to enter the long distance market. See 47 U.S.C. § 271.

Comments of Arch Communications Group, Inc., Attachment A and related Exhibits.

E/Comments of SMR Systems, Inc. at Attachment 2.

'without regard to the standards set forth in subsections (b) and (c) of Section 251'". <sup>9/2</sup> The conclusion the Commission must draw from the "clarification" sought by SWBT, and the supporting comments filed by certain LECs, is that they will not go gently into the competitive marketplace. <sup>10/2</sup> Indeed, the LECs have waged a full scale frontal assault on the basic conclusion that paging companies are telecommunications carriers with rights and obligations under the Communications Act, as amended. <sup>11/2</sup> Despite ruling after ruling in which paging companies have been found to be "exchange co-carriers," <sup>12/2</sup> the LECs continue to relegate the paging carriers to the status of end users whose paging switches are treated as mere drop points for messages carried over the telephone network. <sup>13/2</sup>

5. In truth, SWBT and certain other LECs are not seeking a clarification. Rather, they are seeking to recapture the small patch of level ground

Comments of BellSouth, p. 2. The position of BellSouth smacks of the use of a dominant market position to extract concessions from interconnecting carriers. This is exactly the kind of behavior the Act and the <u>Interconnection Order</u> was meant to eliminate.

AirTouch notes that the LECs have challenged nearly every aspect of the Commission's decisions implementing the Act. For example, the LECs have not only asked for reconsideration of virtually every aspect of each of the Commission's orders implementing the Act, but also have filed in court to overturn virtually every Commission order and to stay the Commission's Rules. See Iowa Utils. Bd. et al. v. FCC, No. 96-3321.

GTE goes so far as to suggest that the communications service provided by paging companies is analogous to a courier service delivering written messages by foot. GTE Comments, p. 5. What is interesting is that the LECs took a much different position during the divestiture of AT&T, when they claimed that paging services were a telephone exchange service and thus LECs were entitled to hold those assets.

Public Notice, 1 FCC 2d 830 (1965); Tariffs for Mobile Service, 53 FCC 2d 579 (Com. Car. Bur. 1975); Cellular Interconnection, 63 RR2d 7, 17 (1987); Preemption of State Entry Regulation, 59 RR2d 1518, 1528, n. 37 (1986); United States v. Western Electric Co., 578 F. Supp. 643, 645 (D.D.C. 1983).

<sup>&</sup>lt;u>See</u> discussion, *infra*.

paging companies have earned as a result of the evolving policies of the Commission in the pro-competitive environment that has been fostered by the Act and the Interconnection Order. 14/ The Commission must come to the aid of the paging industry quickly and decisively in an effort to help it resist this assault. 15/

### II. Paging Carriers Are Entitled to the Benefits of the Act

6. Many of the LECs claim that paging carriers are not entitled to the benefits of the Act. 16/1 These LECs claim that paging carriers do not provide telecommunications services, are not telecommunications carriers, and paging carriers are not entitled to compensation for the termination services they perform. 17/1 The paging carriers' comments correctly point out that paging carriers do provide telecommunications services, are telecommunications carriers as defined by the Act, and are thus entitled to compensation for the services they perform. 18/1 The

As the Commission observed in the <u>Interconnection Order</u>, LECs have historically discriminated against the paging industry. See <u>Interconnection Order</u>, para. 1087.

The paging industry is a Commission success story, in large part because the Commission, through its regulatory policies, caused it to be opened up to competition. The Commission should preserve the benefits of full and fair competition in the paging industry.

Comments of US West, p. 10; Comments of GTE, pp. 4-6; Comments of the Independent Alliance, pp. 3-4, 6-7; Comments of SWBT, pp. 2-3; Comments of Lexington, p. 1; Comments of BellSouth, p. 8.

When AirTouch uses the term "termination services," it means the switching and transport of calls. "Terminating compensation" means the payments for those services.

Comments of Allied PCIA, p. 2; Comments of Contact New Mexico, pp. 1-2, 5-6; Comments of Best, p. 4; Comments of Metrocall, p. 4; Comments of PageNet, pp. 5-7; Comments of Arch, pp. 3-5; Comments of TSR, pp. 4-5; Comments of Joplin, p. 7.

Commission must resolve this debate by looking to the policies embodied in the Act. 19/

- A seminal feature of the Act is that telecommunications carriers have both obligations and rights under its terms. For example, telecommunications carriers are required to interconnect with any other telecommunications carrier at such carrier's request. <sup>20/</sup> Telecommunications carriers also are required to contribute to the Universal Service Fund<sup>21/</sup> and to protect the customer proprietary network information ("CPNI") they possess. <sup>22/</sup> Along with those obligations, telecommunications carriers have certain rights, including the right to interconnection upon request. In addition, telecommunications carriers are entitled to be paid for the services they perform for other telecommunications carriers. <sup>23/</sup>
- 8. Thus, as telecommunications carriers, paging carriers have both obligations and rights under the Act. The LECs, however, are taking the position that paging carriers are not entitled to any of the benefits of the Act -- such as the elimination of charges by LECs for the facilities used by the LECs to deliver other

In one respect, the debate over whether the technical operations performed by paging companies entitles them to compensation pursuant to Section 251 of the Act is moot. Congress and the Commission already have ordered LECs to compensate paging companies for the transport and termination of telecommunications traffic. See 47 C.F.R. § 20.11. Thus, regardless of the outcome of the debate in this proceeding, the FCC may order LECs to comply with Section 20.11 of the Commission's rules, thereby compensating paging providers.

<sup>20/ 47</sup> U.S.C. § 251(a)(1).

<sup>21/ 47</sup> U.S.C. § 254.

<sup>22/ 47</sup> U.S.C. § 222.

<sup>&</sup>lt;sup>23</sup>/ 47 U.S.C. § 251(b)(5).

carrier's traffic to the paging switch,<sup>24</sup> notwithstanding the fact that paging carriers are required to contribute to the Universal Service Fund (which subsidizes LEC services)<sup>25</sup> and to protect the CPNI of their customers. The Commission should not permit the LECs to subvert the Act's thoughtful balance by subjecting paging carriers to all of the obligations under the Act, but refusing paging carriers the benefits. This would violate a fundamental premise of the Act.

## III. The Commission Should Reject LEC Efforts to Perpetuate Their Existing Market Dominance

- 9. When the Commission steps back for an overview of the comments, it will discern a very distinct pattern in certain LECs' positions. The LECs are using every argument available to them to try to perpetuate their existing dominance in local exchange markets and to extend that power into competitive markets. This is precisely the pattern that the antitrust laws and the Act were meant to stop.
- 10. The commenting LECs are all providing wireless communications services in some form or another -- either in the form of cellular service or broadband personal communications services. As a part of the digital offerings of these companies, each has the capability of providing messaging services virtually identical to those provided by the paging industry. When the LECs negotiate

The comments of Advanced Paging, Inc. are especially helpful here. As Advanced points out, the LECs insisted as part of the original interconnection negotiations in 1977 and 1980 that the point of interconnection be at the paging switch. Obviously the LECs insisted on this position so that paging carriers could not provide their own facilities to interconnect with the LECs. This was the exercise of raw monopoly power. Now the LECs are attempting to rewrite history so that they can collect for these facilities. Again the LECs are attempting to exercise their dominant position to their benefit.

Although AirTouch agrees with the Commission that paging carriers are required to contribute to the Universal Service Fund, AirTouch believes that it is not fair, equitable, or competitively neutral to require paging carriers to pay more than one-half of the percentage paid by providers of two-way telecommunications services.

with other telecommunication carriers for terminating compensation, they are in fact demanding and receiving compensation for terminating all traffic, including this messaging traffic. Thus, the LECs are extending their dominant position in the local exchange market in order to receive a competitive advantage in the competitive paging market.

they enjoy as a result of their market dominance. For example, the LECs currently charge paging companies for the facilities used to deliver LEC traffic to the paging network. In addition, the LECs charge either their customer, or the originating carrier, a fee for delivery of the traffic to the paging network. Although the LECs have claimed that eliminating the charge to paging carriers would affect local rates, they are wrong. This bogeyman argument is raised every time any change is proposed in the telecommunications marketplace and is especially ill-suited here. Since the preponderance of pagers are used for business purposes, most calls to the paging network originate from businesses. In most jurisdictions, LECs separately charge business customers for each and every call that is initiated. In fact, the LECs are using the double-recovery they achieve through charges on paging carriers to subsidize their own forays into competitive markets. This subsidy system must be eliminated.

# IV. Some LECs Support Critical Elements of the Paging Industry Position

12. The most striking aspect of the comments in this proceeding is the fact that the paging and LEC commenters are not perfectly aligned on opposite sides of this dispute. Some LECs have accepted the plain meaning of certain aspects

of the paging interconnection rules,<sup>26/</sup> and have distanced themselves from the extreme positions taken by others. For example, the Comments of Ameritech<sup>27/</sup> properly describe the respective responsibilities of the paging carrier and the LEC in a standard Type 2A interconnection arrangement, as follows:

Ameritech does not bill the paging provider any per-minute charges. Ameritech provides all facilities — including the facility from the Ameritech tandem — without a monthly recurring charge for the trunks. This arrangement is available today and Ameritech will convert existing service to this arrangement at the billing company's request. Significantly, Ameritech charges the calling party for the entire distance of the call between the originating end office and the paging terminal. <sup>28</sup>/

Thus, while other LECs are chastising the paging service providers for seeking "free" service, <sup>29/</sup> Ameritech is touting the fact that its standard Type 2A arrangement "provides the paging carriers with the 'free' service they seek". <sup>30/</sup> While other LECS are complaining that paging carriers are cost causers who do not want to pay for facilities they use, <sup>31/</sup> Ameritech has properly realized that it is the calling party who

As AirTouch has pointed out to the Commission in the past, Bell Atlantic, NYNEX, Southern New England Telephone ("SNET"), and Sprint United have already agreed to eliminate many of the charges sought to be perpetuated by the LECs filing comments in this proceeding.

Although Ameritech here takes a position favorable to the paging industry, AirTouch would like the Commission to note that Ameritech has not responded to many paging carriers' letters raising concerns regarding Type 1 facilities.

<sup>28/</sup> Comments of Ameritech, p. 6.

Comments of SWBT, pp. 2-6; Comments of Ameritech, p. 4; Comments of USTA, pp. 1-3; Comments of Independent Alliance, pp. 1-2; Comments of BellSouth, p. 10.

<sup>&</sup>lt;u>10</u>. Of course, the paging companies are not getting a free ride in any respect. The Ameritech Type 2A arrangement simply has the LEC's customer paying for the use of the LEC facilities used to deliver the LEC-originated call to the paging switch. Nothing could be fairer.

Comments of SWBT, pp. 2-6; Comments of BellSouth, p. 10; Comments of Ameritech, p. 4; Comments of USTA, pp. 1-3; Comments of Independent Alliance, pp. 1-2.

causes the costs and thus is appropriately charged for the call to the point of interconnection. The significance of this Ameritech position cannot be understated. 32/

13. The position taken by Sprint is equally noteworthy:

Sprint agrees with the Commission's basic premise that a LEC should not levy a charge for the origination of traffic on its network. Each carrier should be responsible for the transport of an originating call from its end office to the relevant point of interconnection. In this sense, Sprint must disagree with the position proffered by SWBT. 33/

This reasoning leads Sprint to include, in its list of services or functions for which the LECs may not charge a paging company, "one-way facilities used for land to mobile calls" and "minutes of use charges for land to mobile traffic." Thus, while SWBT and others are making convoluted arguments to justify charging flat rate "facility" charges (as compared to traffic sensitive charges) for trunks used to deliver traffic to paging carriers, Sprint is asking for explicit rulings that would confirm the paging companies' right to be relieved of these kinds of charges.

AirTouch does not concur, however, with Ameritech's analysis of the Type 1 and Type 2 (reverse billing) arrangements. The Ameritech Type 1 analysis overlooks the fact that paging carriers often were forced to take Type 1 arrangements because economical Type 2 arrangements were not offered (a sign, once again, of the bottleneck nature of the LEC facilities and the lack of alternatives). Now, switching to a Type 2A arrangement would involve a change of telephone numbers for paging subscribers, a serious competitive deterrent to making the change. Indeed, this is exactly the problem that the Commission identified as a competitive problem in the number portability proceeding. Thus, it is illusory to suggest that the ability to switch now to Type 2A arrangements is an adequate remedy to avoid Type 1 charges. Similarly, Ameritech's claim that reverse billing arrangements are mere billing options unaffected by the Act is incorrect. In most instances, the tariff rates for reverse billing plans were put in place before paging carriers were relieved of the obligation to pay for certain elements of the LECs facilities. Having now been relieved of certain charges, the rate paid for reverse billing options should go down.

Comments of Sprint, p. 2.

<sup>&</sup>lt;u>Id.</u>, p. 4. Indeed, one of Sprint's local telephone companies, Sprint United, was one of the first to agree that charges for facilities were no longer permitted under the Act.

14. In sum, the Commission should consider the division in the ranks of the LECs as a serious blow to the SWBT position. While the LECs ranks are broken, the paging position is united. All of the CMRS carriers who filed comments agree that paging carriers are not required to pay for the facilities used by the LEC to deliver its and other carriers' traffic to the paging switch. The paging companies' position can hardly be dismissed as illogical and self-serving when others with potentially adverse interests share the same conclusion.

# V. Interactive Real Time End-to-End Communications Are Not a Prerequisite to Payment Relief

- the claim that the delivery of a paging message to a paging subscriber involves two discrete communications rather than a single simultaneous interactive end-to-end communication. For example, GTE argues that "[o]nly at such time as the calling party is connected to the paging subscriber on a real time basis should this activity be viewed as a joint undertaking by both the LEC and the paging carrier" [for which the LEC would then be obligated to bear its costs of transport and to pay terminating compensation]. This reasoning is flawed in several respects.
- 16. First, and foremost, the last thing the Commission should want to do is adopt interconnection policies that force carriers to adopt obsolete technology in order to be treated fairly. That is, however, precisely what adopting the GTE position would do. Prior to the advent of voice storage, paging messages went out over the airwaves in real time. This was, however, much less efficient than using store-and-forward technology that allowed messages to be stored in queue until the channel next became available to the benefit of the calling party. The Commission's

Comments of GTE, pp. 4-5; Comments of Independent Alliance, pp. 3-4, 6-7; Comments of US West, p. 10.

interconnection policies certainly should not be construed to encourage paging companies to revert to inefficient real-time paging technology in order to be compensated or to be relieved of charges pertaining to the delivery of LEC-originated traffic to the paging system.<sup>36</sup>/

- amendments), or the Commission's rules, policies or precedents, to support the proposition that simultaneous interactive communication is a necessary prerequisite to the receipt of terminating compensation. The Commission and state PUCs,<sup>37</sup> have properly ruled that paging carriers are entitled to terminating compensation, and relief from certain charges in connection with LEC originated traffic, in their current operating configurations.
- 18. In finding that paging carriers are entitled to be relieved from paying for the same facilities for which SWBT seeks compensation in its request, the California Public Utilities Commission ("CPUC") found the distinction put forth by the LECs unpersuasive. 38/ AirTouch agrees. Indeed, it would be a very interesting

Indeed, GTE's argument is actually much more insidious. Under the Interconnection Order, terminating telecommunications carriers are compensated according to their total element long run incremental costs (TELRIC). In a TELRIC calculation, the most efficient technology is used to calculate what the costs are of providing that element. Under GTE's scheme, although the paging carriers would be required to provide real time connectivity, the terminating compensation would be measured assuming efficient technology (i.e., current paging technology) which, in GTE's argument, is not a telecommunications service. Thus, under GTE's logic, paging carriers would receive nothing even if they provided real time connectivity.

See Application of Cook Telecom., Inc. for Arbitration Pursuant to Section 252 of the Federal Telecommunications Act of 1996 to Establish an Interconnection Arrangement with Pacific Bell, Application 97-02-003 (Cal PUC 1997)(Interim Opinion) ("Cook Decision"); Petition of AT&T Wireless Services, Inc. for Arbitration of an Interconnection Agreement with US West Communications, Inc. Pursuant to 47 U.S.C. § 252, OAH Docket No. 3-2500-11080-20, MPUC Docket No. P-421/EM-97-371 (MN PUC 1997)(Recommended Arbitration Decision)("AT&T Decision").

 $<sup>\</sup>frac{38}{}$  Cook Decision, pp. 5-6.

position for the Commission to reject its previous position when state public utilities commissions have agreed with it. Accordingly, the Commission must reject the LECs' strained arguments that real-time two-way communications are required before termination should be paid. 39/

### VI. The LECs Effectively Concede that They Are Seeking Reconsideration, Not Clarification

- 19. Several commenting paging companies properly point out that SWBT and certain other LECs are not seeking a clarification of the <u>Interconnection</u>

  Order, but rather are seeking reconsideration of it. 40/ Airtouch agrees. As a request for reconsideration, the SWBT request is untimely.
- 20. The comments of several LEC representatives resoundingly affirm that the relief requested by SWBT requires a modification of the rules, not a clarification. For example, the United States Telephone Association urges the Commission to correct alleged anomalies in its paging interconnection rules "by modifying its regulations to assure that LECs are compensated for delivering communications traffic over their facilities to paging companies." Certainly a "modification" of such nature is not a mere clarification. Likewise, US West contends that the problems raised by SWBT can only be addressed by "adopting special rules to govern the LEC paging interconnection" situation, which US West admits is a "solution beyond the reach of this proceeding." Others make the now-

Taken to its natural conclusion, what the LECs are suggesting is that paging carriers would need to become CLECs to take advantage of the <u>Interconnection Order</u>. This would entail a complete restructuring of the industry, but may be where the paging industry would go if the Commission concludes they cannot get relief in this forum.

<sup>40/</sup> See, e.g., Comments of PageNet, Best and Metrocall.

Comments of USTA, p. 2.

Comments of US West, p. 8.

threadbare argument that the one-way nature of paging traffic prevents the Commission's compensation scheme from being "reciprocal," and urge that it be abandoned (not clarified). 43/

- are seeking to overturn, not to clarify, the existing rules. Several commenting parties already have filed petitions for reconsideration of the FCC's <u>Interconnection Order</u>, and others have appealed to the federal courts. This proceeding, in which the paging companies are seeking needed guidance with respect to the interconnection rules as presently constituted, is not the proper forum to consider the broad attacks of the LECs on the carefully crafted structure of the Commission's <u>Interconnection Order</u>.
- 22. Indeed, any reconsideration of whether paging carriers are telecommunications carriers would naturally also require a re-examination of all other orders relating to the obligations imposed on paging carriers as a result of their classification as telecommunications carriers. This would open Pandora's box, which is not the route the Commission should take. The Commission should conclude that re-examination of the regulatory status of the paging industry is not necessary or warranted. Accordingly, the Commission should reject SWBT's request to reconsider the Interconnection Order.

#### VII. Conclusion

23. In the final analysis, the Commission must reject the LECs' untoward attempt to extend their market dominance in the local exchange market to competitive markets, such as paging. Indeed, any other result would reward the LECs for their current foot-dragging which has hindered Congressional and

Comments of SWBT, pp. 2-3; Comments of GTE, pp. 5-6; Comments of Independent Alliance, p. 6; Comments of Lexington, p. 1; Comments of BellSouth, p. 8.

Commission efforts to redesign the telecommunications marketplace in the United States. The Common Carrier Bureau got the answer right the first time it looked at this issue, 44/ and found that local exchange companies could not charge paging carriers for the delivery of traffic to the paging network. The LECs have not raised new arguments in their pleadings, but have relied on arguments that have already been raised and rejected. The only effect the current SWBT request has had is to delay the full implementation of the Commission's rules and the provisions of the Act.

24. Therefore, for the reasons set forth in the request of the Paging Companies, as amply supported by the commenters in support thereof, the Commission should clarify the obligations of LECs to relieve paging carriers of all charges associated with the delivery of LEC-originated traffic to paging systems.

Respectfully submitted,

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June 27, 1997

<sup>&</sup>lt;u>44</u>/ Letter to Paging Companies from Regina Keeney, dated March 3, 1997.

#### Certificate of Service

The undersigned hereby certifies that on this 27th day of June, 1997, a true and correct copy of the foregoing Reply Comments of AirTouch Paging was sent via first-class mail, postage prepaid, or hand delivered, to the following:

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